

## TITLE 1. COMMUNITY COLLEGES

### CHAPTER H. FISCAL MANAGEMENT

#### SUBCHAPTER 100. DEFINITIONS

##### 1H SBCCC 100.1 Definitions

The following definitions apply to this Chapter:

- (a) “County funds” – Funds appropriated to the college by the local tax-levying authority.
- (b) “Institutional funds” – Funds budgeted and expended through college accounts that are not allocated to the college by the State Board of Community Colleges, nor appropriated to the college by the local tax-levying authority.
- (c) “State funds” – All funds that are allocated to colleges by the State Board of Community Colleges, regardless of the revenue source.

*History Note: Authority G.S. 115D-5;*

*Eff. [November 1, 2015](#).*

#### SUBCHAPTER 200. STATE FUNDS

##### 1H SBCCC 200.1 Allocation of Funds

- (a) The State Board shall allocate State funds to colleges using one or more of the following methods:
  - (1) Formula allocation: Allocations calculated using a formula of objective, verifiable factors.
  - (2) Competitive allocation: Allocations determined through a competitive process through which colleges apply for funds and the colleges’ requests are evaluated and ranked based on identified criteria.
  - (3) Direct allocation: Funds allocated directly to a specific college when one of the following conditions apply:

(A) The General Assembly directs that funds shall be allocated to a specific college;

(B) The terms of a grant award require that grant funds be allocated to a specific college; or

(C) A college has programmatic ability unique among colleges and the desire to fulfill the objectives for which the funds allocated.

(b) Notwithstanding subsection (a) of this rule, the State Board delegates to the President of the North Carolina Community College System the authority to approve allocations made pursuant to:

(1) 1H SBCCC 200.1(a)(2) if the total amount of funds allocated under the competitive process does not exceed \$250,000;

(2) 1H SBCCC 200.1(a)(3)(A) and (B); or

(3) 1H SBCCC 200.1(a)(3)(C) if the total amount of funds allocated to the college does not exceed \$250,000.

The System Office shall provide at least biannually a report to the State Board listing any allocations approved by the President pursuant to this delegated authority.

(c) At the time of allocation, the System Office shall notify colleges of the allocation period, which is the time period during which the college is authorized to expend the allocation. The System Office shall extend the allocation period if additional time is needed for the college to complete the objectives for which the funds were allocated, funds remain available, and the extension of the allocation period is in the best interest of the NC Community College System as determined by the System President.

(d) The System Office may reduce a college's allocation under the following circumstances:

(1) At the System Office's request, a college voluntarily forgoes an amount of its approved allocation because it is not able to fully expend the funds and other colleges have a need for those funds; or

(2) A college fails to meet pre-determined programmatic or expenditure benchmarks that were communicated to the college when the State Board initially allocated funds and other colleges have a need for those funds; or

- (3) Revenue collections are not meeting budget projections and there is a projected cash shortfall of greater magnitude than one that can be covered through projected unexpended allocations.
- (e) If a college's allocation is reduced as provided in subsection (d), the System Office shall reallocate those funds to other colleges that demonstrate need and an ability to utilize the funds if there is no projected cash shortfall.

*History Note: Authority G.S. 115D-5;*

*Eff. [November 1, 2015](#).*

*Amended Eff. [September 1, 2019](#).*

### **1H SBCCC 200.2 Withholding of State Funds or Administrative Support**

- (a) Institutions shall be operated in compliance with G.S. 115D and all rules in this Title. In order for an institution to continue receiving State financial and administrative support, the institution shall:
- (1) Maintain accreditation with the Southern Association of Colleges and Schools Commission on Colleges and acquire and maintain accreditation or licenses for each program offered which has an individual accreditation or licensure requirement in accordance with G.S. 115D-5(a) and 1B SBCCC 400.96.
  - (2) Employ faculty, assign teaching and non-teaching loads, and provide technical assistance to faculty consistent with the criteria of the Southern Association of Colleges and Schools Commission on Colleges in accordance with 1C SBCCC 300.97; 1D SBCCC 200.93; and 400.93.
  - (3) Submit required data to the System Office on each of the performance measures and publish the ratings on each measure in accordance with G.S. 115D-31.3 and 1B SBCCC 400.98.
  - (4) Complete and submit to the System Office all reports in accordance with the North Carolina Community College System Annual Reporting Plan that the System Office communicates to the colleges.
  - (5) Manage institutional operations and resources consistent with law. An institution that receives four or more written findings in its final published financial statement

audit conducted under G.S. 115D-58.16 for two consecutive audit cycles shall be in violation of this Rule.

(6) Report the intentional damage, theft, embezzlement, or misuse of any state-owned personal or real property by institutional officials or employees to the Director of the State Bureau of Investigation in accordance with G.S. 143B-920.

(7) Comply with 1C SBCCC 200.94.

(8) Comply with any request for information, documents, or any other request of the State Board.

(b) In addition to the provisions of G.S. 115D-6, the State Board may withhold funds for the president's salary or terminate state financial and administrative support of any institution that fails to comply with any provision of Paragraph (a) of this Rule.

*History Note: Authority G.S. 114-15.1; 115D-4.1; 115D-5; 115D-6; 115D-31.3; 115D-32;*

*Eff. [November 1, 2015](#).*

### **1H SBCCC 200.3 Disbursement of State Funds**

State funds expended by the colleges shall be disbursed through a disbursing account that the State Treasurer has established for each college. The signature of college officials that are authorized by the college president to sign vouchers issued on State funds shall be maintained on file with the State Treasurer and the State Board. The State Treasurer will furnish signature cards for this purpose.

*History Note: Authority G.S. 115D-58.3;*

*Eff. [November 1, 2015](#).*

### **1H SBCCC 200.4 Expenditure of State Funds**

State funds shall be expended consistent with the purposes for which the State Board allocated the funds. In the event that a college expends State funds for an unauthorized purpose, the college shall reimburse the State for the amount from non-State funds.

*History Note: Authority G.S. 115D-5;*

*Eff. [November 1, 2015](#).*

### **1H SBCCC 200.5 Expenditure of State Funds: Travel and Allowances**

State funds shall be expended for travel consistent with travel procedures prescribed by the Office of State Budget and Management in the State of North Carolina Budget Manual or a policy adopted by the college's board of trustees that is more restrictive than the procedures prescribed in the North Carolina Budget Manual.

*History Note: Authority G.S. 115D-5; 115D-54;*

*Eff. [November 1, 2015](#).*

### **1H SBCCC 200.6 Expenditure of State Funds: Accreditation Expenses & Dues**

- (a) Accreditation expenses relative to Southern Association of Colleges and Schools Commission on Colleges may be paid from State funds within the institution's current allotment. These expenses shall be limited to payment of travel, subsistence, lodging, and honorarium incurred by members of visiting committees, other bona fide representatives, and members of the staff of accrediting organizations. This Rule permits payment of only those expenses for which an institution is customarily invoiced by an accrediting organization following a visit.
- (b) The institution may pay from State funds the required annual dues of the Southern Association of Colleges and Schools Commission on Colleges, and such institutional association membership dues as the board of trustees deems to benefit the institution. Regarding membership dues in the Southern Association, this Rule applies to annual dues of correspondents and candidates for membership, as well as accredited members.
- (c) The institution may also pay from State funds the fees for accrediting individual programs offered by the institution if the college president determines that the accreditation provides value to graduates of the program.

*History Note: Authority G.S. 115D 5; 115D 55;*

*Eff. [November 1, 2015](#).*

### **1H SBCCC 200.7 Expenditure of State Funds: Campus Security**

Colleges may use up to a specific amount of State funds designated by the State Board for campus security. Under this authority, colleges may:

- (1) Hire security or campus police personnel;
- (2) Contract for professional security services and other security-related services; and
- (3) Purchase surveillance cameras, call boxes, alert systems, and other equipment-related expenditures, excluding vehicles.

*History Note: Authority G.S. 115D-5;*

*Eff. [November 1, 2015](#).*

### **1H SBCCC 200.8 Expenditure of State Funds: Employee Recognition**

Colleges may use State funds for purchases related to the recognition of employees for meritorious service through programs such as the one authorized by the State for State employees. In addition, State funds may be expended, not to exceed \$50, for the purchase of a plaque or for the printing and framing of a certificate to recognize employee service or performance. The expenditure of State funds for these purposes is subject to the availability of funds within the college.

*History Note: Authority G.S. 115D-5;*

*Eff. [November 1, 2015](#).*

### **1H SBCCC 200.9 Expenditure of State Funds Prohibited: Athletics**

Colleges shall not use State funds to create, support, maintain, or operate an intercollegiate, club, or intramural athletics program. Athletic programs may only be supported by student activity fees or other non-State funding sources that are authorized for that purpose. Intercollegiate athletics programs shall be operated consistent with 1B SBCCC 600.99.

*History Note: Authority G.S. 115D-5;*

*Eff. [November 1, 2015](#).*

### **1H SBCCC 200.10 Expenditure of State Funds Prohibited: Promotional Giveaway Items and Other Gifts**

Colleges shall not use State funds to purchase promotional giveaway items or other gifts for any reason, including promotional giveaway items purchased for college marketing and advertising. “Promotional giveaway items” are items given to an individual or entity for less than fair market value that do not serve an instructional or institutional purpose. Items that serve “an instructional or institutional purpose” are those used for classroom instruction and daily, routine operations of the college not associated with marketing, advertising, recruiting, or fundraising. See 1E SBCCC 700.7(a), 1H SBCCC 300.3(b)(1), and 1H SBCCC 300.4 for rules related to sources of institutional funds that may be used for giveaway items.

*History Note: Authority G.S. 115D-5;*

*Eff. [November 1, 2015](#).*

### **1H SBCCC 200.11 Expenditure of State Funds Prohibited: Purposes**

Unless otherwise authorized by law, colleges may not use State funds for the budget items listed in G.S. 115D-32, since these items are the responsibility of the tax-levying authority as defined in G.S. 115D-2.

*History Note: Authority G.S. 115D-5;*

*Eff. [November 1, 2015](#).*

### **1H SBCCC 200.86 Withholding of State Funds or Administrative Support**

REPEALED by the State Board of Community Colleges, eff. 1 November 2015.

*History Note: Authority G.S. 114-15.1; 115D-4.1; 115D-5; 115D-6; 115D-31.3; 115D-32;*

*Eff. December 1, 2004;*

*Repealed Eff. [November 1, 2015](#).*

### **1H SBCCC 200.87 Operating Budget Requests: Distribution of Funds**

REPEALED by the State Board of Community Colleges, eff. 1 November 2015.

*History Note: Authority G.S. 115D-3; 115D-5; 115D-54; S.L. 1995, c. 625;*

*Eff. February 1, 1976;*

*Amended Eff. September 30, 1977;*

*Emergency Amendment Eff. July 1, 1978 for a period of 120 days to expire on October 29, 1978;*

*Emergency Amendment Made Permanent Eff. July 24, 1978;*

*Amended Eff. June 1, 1987; July 1, 1983;*

*Temporary Amendment Eff. August 25, 1988 for a period of 180 days to expire on February 20, 1989;*

*Amended Eff. September 1, 1993; April 1, 1989;*

*Temporary Amendment Eff. June 1, 1997;*

*Amended Eff. May 1, 2009; July 1, 1998;*

*Repealed Eff. [November 1, 2015](#).*

### **1H SBCCC 200.88 Distribution of Federal Vocational Education Funds**

REPEALED by the State Board of Community Colleges, eff. 1 November 2015.

*History Note: Authority G.S. 115C-154; 115C-158; 115D-5; 115D-31; P.L. 101-392;*

*Eff. February 1, 1976;*

*Amended Eff. September 1, 1993; August 17, 1981; January 6, 1978;*

*Repealed Eff. [November 1, 2015](#).*

### **1H SBCCC 200.89 Equipment Budget Requests: Distribution of Funds**

REPEALED by the State Board of Community Colleges, eff. 1 November 2015.

*History Note: Filed as an Emergency Amendment Eff. July 1, 1978 for a period of 120 days to expire on October 29, 1978;*

*Authority G.S. 115D-5; 115D-55;*

*Eff. February 1, 1976;*

*Emergency Amendment Made Permanent Eff. July 24, 1978;*  
*Amended Eff. September 1, 1993; July 1, 1984; August 1, 1983; July 1, 1981;*  
*Repealed Eff. [November 1, 2015](#).*

**1H SBCCC 200.90 Library Book Funding System and Budgetary Application**

REPEALED by the State Board of Community Colleges, eff. 1 November 2015.

*History Note: Filed as an Emergency Amendment Eff. July 1, 1978 for a period of 120 days to expire on October 29, 1978;*  
*Authority G.S. 115D-5; 115D-31;*  
*Eff. February 1, 1976;*  
*Emergency Amendment Made Permanent Eff. July 24, 1978;*  
*Amended Eff. September 1, 1993; August 1, 1983; July 1, 1981;*  
*Repealed Eff. [November 1, 2015](#).*

**1H SBCCC 200.91 Appropriation Requests and Allocation Policy**

REPEALED by the State Board of Community Colleges, eff. 1 November 2015.

*History Note: Filed as an Emergency Amendment Eff. July 1, 1978 for a Period of 120 Days to Expire on October 29, 1978;*  
*Statutory Authority G.S. 115D-5; 115D-54;*  
*Eff. February 1, 1976;*  
*Amended Eff. January 6, 1978;*  
*Emergency Amendment Made Permanent Eff. July 24, 1978;*  
*Amended Eff. September 1, 1993; September 1, 1985; August 17, 1981;*  
*Repealed Eff. [November 1, 2015](#).*

**1H SBCCC 200.92 Disbursement of State Funds**

REPEALED by the State Board of Community Colleges, eff. 1 November 2015.

*History Note: Authority G.S. 115D-58.3;*

*Eff. February 1, 1976;*

*Amended Eff. September 1, 1993; December 1, 1984; August 17, 1981;*

*Repealed Eff. [November 1, 2015](#).*

**1H SBCCC 200.93 Expenditure of State Funds: Accreditation Expenses & Dues**

REPEALED by the State Board of Community Colleges, eff. 1 November 2015.

*History Note: Authority G.S. 115D-5; 115D-55;*

*Eff. February 1, 1976;*

*Amended Eff. April 1, 2009; August 1, 1983; August 17, 1981;  
September 30, 1977;*

*Repealed Eff. [November 1, 2015](#).*

**1H SBCCC 200.94 Expenditure of State Funds: Postage Machines**

REPEALED by the State Board of Community Colleges, eff. 1 November 2015.

*History Note: Authority G.S. 115D-5;*

*Eff. February 1, 1976;*

*Amended Eff. September 1, 1993; August 17, 1981;*

*Repealed Eff. [November 1, 2015](#).*

**1H SBCCC 200.95 Expenditure of State Funds: Certificate Costs**

REPEALED by the State Board of Community Colleges, eff. 1 November 2015.

*History Note: Authority G.S. 115D-5; 115D-39;*

*Eff. February 1, 1976;*

*Amended Eff. November 1, 1983; August 17, 1981;*

*Repealed Eff. [November 1, 2015](#).*

**1H SBCCC 200.96 Expenditure of State Funds: Special Funds**

REPEALED by the State Board of Community Colleges, eff. 1 November 2015.

*History Note: Authority G.S. 115D-5; 115D-54;*

*Eff. February 1, 1976;*

*Repealed Eff. [November 1, 2015](#).*

### **1H SBCCC 200.97 Expenditure of State Funds: Travel and Allowances**

REPEALED by the State Board of Community Colleges, eff. 1 November 2015.

*History Note: Filed as an Emergency Amendment Eff. September 13, 1978 for a period of 90 days to expire on December 12, 1978;*

*Authority G.S. 115D-5; 115D-54;*

*Eff. February 1, 1976;*

*Amended Eff. September 30, 1977;*

*Emergency Amendment Made Permanent with Change Eff. December 8, 1978;*

*Amended Eff. August 17, 1981; July 1, 1980;*

*Repealed Eff. [November 1, 2015](#).*

### **1H SBCCC 200.98 Maintenance of Plant Flexibility**

REPEALED by the State Board of Community Colleges, eff. 1 November 2015.

*History Note: Authority G.S. 115D-5; S.L. 2009-451, s. 8.17(b);*

*Emergency Adoption Eff. September 30, 2009;*

*Temporary Adoption Eff. December 29, 2009;*

*Eff. April 1, 2010;*

*Repealed Eff. [November 1, 2015](#).*

### **1H SBCCC 200.99 Expenditure of State Funds Prohibited: Intercollegiate Athletics**

REPEALED by the State Board of Community Colleges, eff. 1 November 2015.

*History Note: Authority G.S. 115D-5;*

*Eff. August 1, 2009;*

*Repealed Eff. [November 1, 2015](#).*

## **SUBCHAPTER 300. INSTITUTIONAL FUNDS**

### **1H SBCCC 300.1 Live Client Projects**

(a) Definition. Live client projects are defined as:

- (1) educational programs in which students, as part of their educational experiences and as part of the instructional course requirements, repair or remodel non-college owned personal property or real property; or
- (2) educational programs that construct structures that are sold, produce goods that are sold, or provide services for a fee, such structures, goods or services being the normal and necessary product of learning activities of students.

(b) Local Procedures. If a college elects to engage in live client projects, college management shall adopt procedures for the administration of such projects, consistent with State laws and rules, that include, at minimum, the following elements:

- (1) Definition of criteria that will be used to select project clientele,
- (2) Methodology for determining client charges,
- (3) Management of liability issues for students participating in live projects,
- (4) Assignment of liability for the integrity of the finished product or service, and
- (5) Required administrative approvals prior to beginning a live project.

Colleges shall select clientele and establish client charges through an objective process that prevents private individuals or entities from accruing, from the live client project, benefits a college shows to be unreasonable. Colleges shall not engage in live client projects that repair or remodel property for companies or individuals that are in the business of equipment resale unless the property undergoing repair or remodeling is used in the usual course of the business and is not being resold.

(c) Live Client Project Charges. Colleges are authorized to charge project clientele for goods or services produced through a live client project. In the case of (a)(1) of this

Rule, the owner of the property shall supply or pay for all parts required. In the case of (a)(2) of this rule, the college shall charge all clientele for the value of the goods and services provided through a live customer project. Live client project receipts shall be deposited into an unrestricted institutional account. A college may determine locally whether discrete live client projects are accounted for in separate institutional accounts or in one account used for multiple live client projects.

- (d) Use of Live Client Project Receipts. All costs that otherwise would not have been incurred absent the live client project shall be supported by funds from the institutional account that receives the live client project receipts and shall not be supported from State funds. These costs include, but are not limited to, supplies and materials used in producing the good or service, additional personnel required to serve clients, specialized equipment, liability insurance, and other costs directly related to the live client project as distinguished from an instructional program that does not produce income. In the context of construction live client projects, these costs include, but are not limited to, all building materials, land, land improvements, amounts paid to subcontractors for work not performed by students or employees of the college, any actual interest paid on construction loans or financing arrangements provided for by a partnering third-party entity, and any legal fees and closing costs that may be required. Live client project receipts may also be used to supplement instructional costs of those programs engaging in live client projects. The college shall maintain detailed records so that the college may prepare annual financial statements and a complete audit of the account may be made after the close of the fiscal year.
- (e) Surplus Equipment Live Client Projects. For live client projects that involve the repair of equipment purchased with State funds or federal surplus property, with a subsequent sale as surplus under the rules of the State Division of Purchase and Contract, the proceeds of such sales shall be deposited as a refund of expense to the equipment budget of the college.
- (f) Construction Live Client Projects. For construction live client projects where a permanent building is constructed on the college's campus or on property owned by the college, the board of trustees shall follow all requirements of the General

Statutes in acquiring the building materials and any subcontracted work, as well as in disposing of the building and property. College employees on the permanent payroll of the college are permitted to perform construction or repair work as long as project costs do not exceed the maximum thresholds established in G.S. 143-135. A project cannot be subdivided to evade the provisions of G.S. 143-135.

- (g) Patron Service Live Client Projects. Notwithstanding subsection (d) of this section, a college may use a combination of State funds and live client project receipts to support costs associated with providing services to patrons, such as cosmetology and dental hygiene services.
- (h) Disposition of Discontinued Live Client Project Fund Balance. If a college decides to discontinue a live client project activity, any unexpended funds in the live client project institutional account shall be used for other live client projects or used consistent with the provisions of 1E SBCCC 700.7.

*History Note: Authority G.S. 115D-5; 115D-14; P.L. 97-300;*

*Eff. [November 1, 2015](#).*

## **1H SBCCC 300.2      RESERVED FOR FUTURE CODIFICATION**

### **1H SBCCC 300.3    Bookstore and Bookstore Commissions**

(a) Bookstore operations. All financial transactions pertaining to bookstore operations shall be accounted for in a proprietary institutional account and kept separate from all other activities of the college. At least every four years, the board of trustees of each college shall review the college's mark-up on textbooks and other instructional materials sold through the bookstore to determine if the mark-up is appropriately balanced between affordability for students and other priorities identified by the local board of trustees.

(b) Use of bookstore operating revenues. Bookstore receipts shall first be used to support bookstore operating expenses including, but not limited to salaries and benefits of bookstore personnel, purchase of inventory, marketing, supplies, travel, equipment associated with the operation of the bookstore, enhancement of the

bookstore, and bookstore facility support costs, such as, utilities, housekeeping, maintenance, and security.

(c) Excess bookstore revenues. Receipts in excess of the above operating expenses shall be transferred to the appropriate account and expended consistent with the following provisions:

- (1) Funds may be used to support instruction, student support services, student financial aid (e.g. scholarships, grants, loans, Work Study), student refunds, student activities, giveaways to students, curriculum development, program improvement, professional development, instructional equipment, and capital improvements related to facilities associated with the bookstore and student activities. In addition, funds may be used to address impacts associated with the COVID-19 outbreak.
- (2) Funds shall not be used to support any supplemental salary, benefit, or other form of compensation for the college president. Funds shall not be used to support administrative costs, promotional giveaways to individuals other than students, entertainment expenses, fundraising expenses, and capital improvements not allowed under (c)(1) above.

*History Note: Authority G.S. 115D-5; 115D-58.13;*

*Eff. [November 1, 2015](#).*

*Temporary Amendment Eff. [March 19, 2020](#). Temporary Amendment expires on September 15, 2020.*

*Temporary Amendment Eff. [September 15, 2020](#).*

#### **1H SBCCC 300.4 Vending and Concession Activities**

The board of trustees of each college shall adopt local policies consistent with G.S. 115D-58.13 for the depositing, budgeting, appropriating, and expending of funds generated through vending machines and other concession activities. Funds generated through vending facilities, vending machines, and other concession activities shall be deposited into an unrestricted institutional account. These funds shall not be used to

support the salary, benefits, or any other compensation reportable as income to the Internal Revenue Service of the college president.

*History Note: Authority G.S. 115D-5;*

*Eff. [November 1, 2015](#).*

### **1H SBCCC 300.97 Live Projects**

REPEALED by the State Board of Community Colleges, eff. 1 November 2015.

*History Note: Authority G.S. 115D-5; 115D-14; P.L. 97-300;*

*Eff. February 1, 1976;*

*Amended Eff. September 1, 1993; August 17, 1981;*

*Repealed Eff. [November 1, 2015](#).*

### **1H SBCCC 300.98 Handling Overhead Receipts and Allowances**

REPEALED by the State Board of Community Colleges, eff. 1 November 2015.

*History Note: Authority G.S. 115D-5; 115D-54;*

*Eff. February 1, 1976;*

*Amended Eff. August 17, 1981;*

*Repealed Eff. [November 1, 2015](#).*

### **1H SBCCC 300.99 Bookstore: Vending Machine**

REPEALED by the State Board of Community Colleges, eff. 1 November 2015.

*History Note: Authority G.S. 115D-5; 115D-58.13;*

*Eff. February 1, 1976;*

*Amended Eff. December 1, 2004; September 1, 1993; December 1, 1984; August 17, 1981;*

*Repealed Eff. [November 1, 2015](#).*

## **SUBCHAPTER 400. PROPERTY AND CAPITAL IMPROVEMENTS**

### **1H SBCCC 400.1 Definitions**

The following definitions apply to this Subchapter:

- (a) "Capital improvement project" - real property acquisition, new construction or rehabilitation of existing facilities, and repairs and renovations as defined in G.S. 143C-1-1.
- (b) "Formal capital improvement project" - a project requiring the estimated expenditure of public money in an amount equal to or more than the monetary threshold as defined in G.S. 143-129(a).
- (c) "Informal capital improvement project" - a project requiring the estimated expenditure of public money in an amount less than the monetary threshold as defined in G.S. 143-129(a).

*History Note: Authority G.S. 115D-5;*

*Eff. [November 1, 2015](#).*

### **1H SBCCC 400.2 Surplus and Irreparable Books and Book-Like Media**

Books and book-like media originally purchased from State or federal funds, when they are no longer useful to an institution shall be disposed of by the institution. Book-like media include audio visual materials, CD's, electronic resources, and other learning resources of durable nature. These materials may be destroyed locally through standard recycling methods or disposed of by the institution through a local sale; disposed of through a profit-sharing arrangement with a company that resells and recycles books and book-like media; through donations to non-profit, tax-exempt organizations (including college foundations) or tax-supported agencies or institutions; or through public bid sale by the State Surplus Property Agency. Colleges shall maintain records and receipts of each sale for auditing purposes. Colleges shall use any receipts generated from the sale of surplus books and book-like media to purchase additional books and book-like media.

*History Note: Authority G.S. 115D-5; 115D-31;*

*Eff. [November 1, 2015](#).*

### **1H SBCCC 400.3 Donated or Loaned Property**

- (a) A board of trustees may accept property donated to the college for any lawful educational purpose that is consistent with the mission and purpose of the community college system.
- (b) A board of trustees shall obtain State Board approval prior to accepting a donation of real property.
- (c) Any funds derived from the sale or lease of property donated to a college for a specific educational purpose shall be used to accomplish that purpose.
- (d) A board of trustees may permit a private business enterprise that loans or donates instructional equipment to the college to use the college's facilities to demonstrate the donated or loaned equipment to customers or potential customers of the private business enterprise provided that:
  - (1) The board of trustees shall develop procedures to regulate the use of its facilities for this purpose; and
  - (2) The lender's or donor's use of the college facilities shall not interfere with the education of students.

*History Note: Authority G.S. 115D-5; 115D-15; 115D-20;*

*Eff. [November 1, 2015](#).*

### **1H SBCCC 400.4 Capital Project Approval and Obtaining Capital Funds**

- (a) Project Approval. The State Board shall approve all formal capital improvement projects, regardless of the source of funds, and all informal college capital improvement projects that are supported in part or in total with State funds. As part of the request submitted to the State Board, the college shall certify that its board of trustees has voted to approve the project. The State Board delegates to the President of the North Carolina Community College System the authority to approve, subject to State Board ratification, a capital improvement project if the college has an urgent need and provides evidence that the college will be negatively impacted if

approval is delayed until the next regularly scheduled meeting of the State Board. The System President shall present the project to the State Board for ratification at its next regularly scheduled meeting.

- (b) Amendments to approved projects. The State Board shall approve amendments to capital projects approved under subsection (a) of this rule, except the State Board delegates to the President of the North Carolina Community College System or the President's designee the authority to approve an amendment that meets one or more of the following conditions:
- (1) Decreases project funding,
  - (2) Increases project funding solely with non-State funds, or
  - (3) Transfers previously approved State funds (excluding bond funds) to another previously approved project.

*History Note: Authority G.S. 115D-5;*

*Eff. [November 1, 2015](#).*

*Amended Eff. [August 1, 2019](#)*

### **1H SBCCC 400.5 Open-End Design Agreements**

A board of trustees of a community college may enter into open-end design agreements. An open-end design agreement is an annual service agreement for professional design services provided on a routine or as needed basis for miscellaneous projects as described in 01 NCAC 30D .0302(f). These open-end design agreements are subject to the following limitations:

- (1) The college shall publicly announce an open-end design agreement pursuant to 23 NCAC 02D .0605 to inform interested designers of the college's need for an open-end agreement for design services.
- (2) The college board of trustees shall select the designer for open-end design agreements in accordance with the college's designer selection procedures for informal capital improvement projects.
- (3) The total estimated cost of each informal capital improvement project shall not exceed the maximum expenditure established by G.S. 143-64.34 for each informal

capital improvement project that can be designed using the services of a designer secured through an open-end design agreement.

- (4) The initial term of the open-end design agreement shall be the same as the initial term established for fixed term contracts in 01 NCAC 30D .0302(f).
- (5) Design fees for any single project designed under an open-end design agreement shall not exceed the single project monetary limit established for a fixed term contract by 01 NCAC 30D .0302(f).
- (6) Regardless of the number of projects during the initial term of an open-end design agreement, the total amount of fees paid under an open-end design agreement during its initial term shall not exceed the maximum fees payable under a fixed term contract during the fixed term contract's initial year as established by 01 NCAC 30D .0302(f).
- (7) A board of trustees of a community college may extend the initial term of the original open-end design agreement for a maximum of one additional year.
- (8) The maximum amount payable under an open-end design agreement during any additional term after the initial term shall not exceed the maximum amount payable under a fixed term contract during any additional term after the initial term as established by 01 NCAC 30D .0302(f).
- (9) If the term of an open-end design agreement is extended for one additional year and regardless of the number of projects, the sum of the fees paid for the initial term of the agreement and for the yearlong extension shall not exceed the limitation established by the State Building Commission for the maximum amount payable under fixed term contracts in 01 NCAC 30D .0302(f).
- (10) A community college shall not have more than one open-end design agreement with the same firm at the same time.

*History Note: Authority G.S. 115D-5;*

*Eff. [November 1, 2015](#).*

Community colleges shall use the State Construction Office (SCO) prequalification policy, assessment ratings matrix, and prequalification forms when prequalifying bidders for construction projects as allowed under G.S. 143-135.8. The policy and forms are available from the SCO. This requirement is for colleges choosing to prequalify bidders. Colleges are not required to prequalify bidders.

*History Note: Authority G.S. 115D-5;*

*Eff. [November 1, 2015](#).*

### **1H SBCCC 400.93 Surplus and Irreparable Books and Book Like Media**

REPEALED by the State Board of Community Colleges, eff. 1 November 2015.

*History Note: Authority G.S. 115D-5; 115D-31;*

*Eff. February 1, 1976;*

*Readopted Eff. January 5, 1978;*

*Amended Eff. November 1, 1983;*

*Repealed Eff. [November 1, 2015](#).*

### **1H SBCCC 400.94 Equipment Purchases**

REPEALED by the State Board of Community Colleges, eff. 1 November 2015.

*History Note: Authority G.S. 115D-5; 115D-31; 115D-54;*

*Eff. February 1, 1976;*

*Amended Eff. September 1, 1993; December 1, 1984; July 15, 1978;*

*September 30, 1977;*

*Repealed Eff. [November 1, 2015](#).*

### **1H SBCCC 400.95 Surplus Property**

REPEALED by the State Board of Community Colleges, eff. 1 November 2015.

*History Note: Authority G.S. 115D-5; 115D-14; 115D-54;*

*Eff. February 1, 1976;*

*Readopted Eff.* January 5, 1978;  
*Amended Eff.* September 1, 1993; December 1, 1984;  
*Repealed Eff.* [November 1, 2015.](#)

### **1H SBCCC 400.96 Donated or Loaned Property**

REPEALED by the State Board of Community Colleges, eff. 1 November 2015.

*History Note: Authority G.S. 115D-5; 115D-15; 115D-20;*  
*Temporary Adoption Eff.* October 21, 1998;  
*Temporary Adoption Expired* August 13, 1999;  
*Eff.* August 1, 2000;  
*Amended Eff.* August 1, 2010; May 1, 2006;  
*Repealed Eff.* [November 1, 2015.](#)

### **1H SBCCC 400.97 Acquisition of Equipment**

REPEALED by the State Board of Community Colleges, eff. 1 November 2015.

*History Note: Authority G.S. 115D-58.5(b); 115D-58.15;*  
*Temporary Adoption Eff.* October 21, 1998;  
*Temporary Adoption Expired* August 13, 1999;  
*Eff.* August 1, 2000;  
*Repealed Eff.* [November 1, 2015.](#)

### **1H SBCCC 400.98 Capital Project Approval and Obtaining Capital Funds**

REPEALED by the State Board of Community Colleges, eff. 1 November 2015.

*History Note: Authority G.S. 115D-5;*  
*Eff.* February 1, 1976;  
*Amended Eff.* September 1, 1993; August 17, 1981;  
*Repealed Eff.* [November 1, 2015.](#)

## **1H SBCCC 400.99 Open-End Design Agreements**

REPEALED by the State Board of Community Colleges, eff. 1 November 2015.

*History Note: Authority G.S. 115D-5; 143-64-34;*

*Eff. May 1, 2006;*

*Repealed Eff. [November 1, 2015](#).*

## **SUBCHAPTER 500. PROCUREMENT**

### **1H SBCCC 500.1 Noncertified Source Purchases**

- (a) Community colleges may purchase the same or substantially similar supplies, equipment, and materials from noncertified sources as provided in G.S. 115D-58.5(b) and G.S. 115D-58.14. "Noncertified sources" are defined as vendors that do not provide supplies, equipment, and materials through a State term contract. "Substantially similar" is defined as items having comparable, but not identical characteristics in terms of quality, service and performance as items available under State term contracts.
- (b) Each college shall submit to the System Office an annual report showing the number of purchases made from noncertified sources for supplies, equipment, or materials; the amount of funds expended for each purchase; and the amount of funds that would have been expended under the State term contract. When exercising the purchasing authority granted by G.S. 115D-58.14, each college shall also document the use of this authority on the purchase order.
- (c) The System Office shall monitor the use of noncertified source purchases and shall make an annual report to the State Board. The report shall include the number of noncertified source purchases made by the colleges and the amount of funds expended.

*History Note: Authority G.S. 115D-5; 115D-20; 115D-58.14; S.L. 2009-132;*

*Eff. [November 1, 2015](#).*

## 1H SBCCC 500.2 Special Purchasing Delegations

- (a) For the purposes of this Section, "purchasing delegation" means the maximum authorized dollar limits for purchases of commodities, printing, and services by community colleges.
- (b) The State Board of Community Colleges shall not increase a community college's purchasing delegation in any calendar year without the concurrence of the Department of Administration, Division of Purchase and Contract. If the Department of Administration, Division of Purchase and Contract does not respond within 60 days of the State Board of Community Colleges notifying the Department of Administration, Division of Purchase and Contract of a college's request to increase its purchasing delegation, the State Board of Community Colleges may increase a community college's purchasing delegation consistent with Paragraph (d) of this Rule without the concurrence of the Department of Administration, Division of Purchase and Contract.
- (c) The maximum purchasing delegation for a community college shall be no greater than one hundred thousand dollars (\$100,000).

(1) Tier Structure:

- (A) Each community college's purchasing delegation shall correspond to the following four-tiered structure:

Tier 1	Tier 2	Tier 3	Tier 4
\$10,000	\$25,000	\$50,000	\$100,000

- (B) A college's tier designation placement is based upon its current delegation limit. A college may request an increase in delegation only to the next tier; and
- (C) If the State Board approves a college's request for an increase in delegation, the new delegation shall be effective for two years from the effective date of approval. If during this 2 year period the college receives a negative compliance review from the Department of Administration, Division of Purchase and Contract or upon additional investigation, demonstrates the

inability to manage the increased delegation, the State Board of Community Colleges at its discretion and in consultation with the Department of Administration, may rescind the new delegation prior to the end of the two years. A college may only request a delegation increase to the next tier after being at the current tier for two years.

- (2) Required Documents. When requesting an increase in purchasing delegation, a college shall submit the following hard copy items to the System Office:
- (A) Original letter signed by the college President on college letterhead requesting the next tier delegation and the rationale for the request;
  - (B) Request for Increase in Purchasing Delegation (Form 490) as provided by the System Office;
  - (C) College Internal Purchasing Manual with policy and procedures for all transaction types;
  - (D) Proof that the college has posted any "Request for Bid" and a copy of the bid on the North Carolina Interactive Purchasing System within the 12 months prior to the date the System Office receives the college's request to increase its purchasing delegation;
  - (E) A copy of any posted E-Quote within the 12 months prior to the date the System Office receives the college's request to increase its purchasing delegation;
  - (F) Copy of a compliance review report from the Department of Administration, Division of Purchase and Contract. The compliance review report shall have been conducted within 12 months prior to the date the college requests an increase in purchasing delegation. The compliance review shall cover a time period during which the college's current lead purchasing agent was in his or her position for at least six months. If any findings are noted in the compliance review report, the college shall provide documentation that the college has corrected all findings by the date the college requests an increase in purchasing delegation. An increase in delegation will not be approved if the compliance report contains findings that are considered significant by the

System Office or by the Department of Administration, Division of Purchase and Contract.

- (d) Evaluation Process. The State Board, acting by and through the System Office, will evaluate the following factors before submitting a recommendation to increase the purchasing delegation to the Department of Administration, Division of Purchase and Contract:
- (1) The college's overall capabilities including:
    - (A) Staff capacity to absorb additional volume and complexity;
    - (B) Experience and training of the procurement staff of the requesting college;  
and
    - (C) Frequency of procurement staff turnover;
  - (2) Purchasing compliance reviews;
  - (3) College internal purchasing procedures; and
  - (4) Audit reports from the North Carolina Office of the State Auditor or from a certified public accountant pursuant to G.S. 115D-58.16.
- (e) If the State Board approves a college's request to increase its purchasing delegation, the approval will be effective on the first day of the month following the State Board's approval.
- (f) If a college receives compliance findings on a compliance review from the Department of Administration, Division of Purchase and Contract or received audit findings related to purchasing on its most recent financial statement audit, the State Board at its discretion based upon the type of findings and the college's official response may decrease the delegation amount.

*History Note: Authority G.S. 115D-5; 115D-58.14(b); S.L. 2009-132, s. 1;*

*Eff. [November 1, 2015](#).*

**1H SBCCC 500.95 Purchase/Computer Hardware: System Software/State Contract**

REPEALED by the State Board of Community Colleges, eff. 1 November 2015.

*History Note: Authority G.S. 115D-5; 143-58.1(b); S.L. 1995, c. 625;*

*Eff. September 1, 1985;*

*Amended Eff. July 1, 1998;*

*Repealed Eff. [November 1, 2015](#).*

### **1H SBCCC 500.96 Noncertified Source Purchases**

REPEALED by the State Board of Community Colleges, eff. 1 November 2015.

*History Note: Authority G.S. 115D-5; 115D-20; 115D-58.14; S.L. 2009-132;*

*Temporary Adoption Eff. October 21, 1998;*

*Temporary Adoption Expired August 13, 1999;*

*Eff. August 1, 2000;*

*Amended Eff. May 1, 2010;*

*Repealed Eff. [November 1, 2015](#).*

### **1H SBCCC 500.97 Special Purchasing Delegations**

REPEALED by the State Board of Community Colleges, eff. 1 November 2015.

*History Note: Authority G.S. 115D-5; 115D-58.14(b); S.L. 2009-132, s. 1;*

*Eff. August 1, 2010;*

*Repealed Eff. [November 1, 2015](#).*

### **1H SBCCC 500.98 Acquisition of Automated Data Processing (ADP) Resources**

REPEALED by the State Board of Community Colleges, eff. 1 November 2015.

*History Note: Authority G.S. 115D-5;*

*Eff. February 1, 1976;*

*Amended Eff. November 1, 1983; August 17, 1981; January 6, 1978;*

*Repealed Eff. [November 1, 2015](#).*

### **1H SBCCC 500.99 No Cost Extension of Contracts**

REPEALED by the State Board of Community Colleges, eff. 1 November 2015.

*History Note: Authority G.S. 115D-5;*

*Eff. February 1, 1976;*

*Readopted January 5, 1978;*

*Amended Eff. September 1, 1993; December 1, 1984;*

*Repealed Eff. [November 1, 2015.](#)*